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ABSTRACT

Federal programs outside the Department of Education (ED) provide significant financial support to elementary and secondary education, according to this paper. The authors give capsule descriptions of over two dozen such non-ED programs, compare changes in non-ED funding with shifts in ED aid, evaluate the impact of non-ED aid on different regions of the country, and briefly note the implications of projected cuts in federal programs. Among the sources of non-ED aid are Comprehensive Employment and Training Act (CETA) programs, Head Start, general revenue sharing, local public works assistance, Appalachian regional development programs, the Farmers Home Administration, revenues from use of federal lands, federally-operated schools for the Defense Department and the Bureau of Indian Affairs, the Job Corps, veterans benefits, social security, federal research activity in education, agricultural extension programs, prisons, and deductions from federal taxes. The authors chart the changes in non-ED aid from 1974 to 1982, in constant and current dollars, and note that the Plains and Great Lakes states receive less per-capita assistance than other regions from both ED and non-ED sources. (RW)

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The Diverse Sources of Federal Financial Support of Schools

School Finance Project Working Paper September 1981

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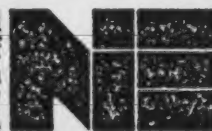
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ABSTRACT

Federal Government support for elementary and secondary education is more extensive and varied than generally thought. In evaluating the Federal effort, analysts usually concentrate on Department of Education grant-in-aid programs. However, most major Federal agencies have significant programs that provide financial support for elementary and secondary education as part of their broader objectives. These programs are often ignored in the context of investigating education finance. This paper provides capsule descriptions of such programs. It then compares their cumulative growth and decline since 1974 to the experience of the Department of Education grants-in-aid, evaluates differential impacts on different regions of the country, and makes some conclusions about the implications of further funding reductions.

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Introduction

The provision of elementary and secondary educational services in the United States is primarily a State and local governmental and private responsibility. Even the relatively low levels of Federal support that do exist are fairly recent in origin. In the 19th century, Federal government education support was limited to higher education—establishing service academies (Army, Navy, and Coast Guard) and providing land and money grants to agricultural and mechanical colleges (First and Second Morrill Acts—1862 and 1890). It was not until 1917, when grants to States for vocational education were first authorized by the Smith-Hughes Act, and 1941, when school assistance to federally-affected areas began,* that the Federal Government established a presence in the area of elementary and secondary education. Even then, levels of financial support remained minimal. By 1957, for example, total spending for these two programs was only \$198 million, less than 0.2% of the Federal budget, and even this low level was concentrated in a few heavily "impacted" States—California (\$33 million), Virginia (\$14 million), and Texas (\$12 million).

The passage of the Elementary and Secondary Education Act in 1965 greatly expanded Federal assistance. The bulk of the funds were in Title I, for educationally disadvantaged children living in areas with high concentrations of children from low-income families, but grant programs for such purposes as libraries, instructional materials, and strengthening State educational agencies were also established. The act increased Federal spending for elementary and secondary education grants to \$2.2 billion by fiscal year 1969, 1.2% of the Federal budget.

Federal elementary and secondary education activities continued to expand in the 1970's. By 1979, grants-in-aid for elementary and secondary education totaled \$5.8 billion, an average annual increase since 1969 of 10%. This increase had three components. First, eligibility for established programs was expanded (e.g. schools with children from low-income housing were entitled to impact aid funds). Second, new and expanded programs were established (such as emergency school assistance, bilingual education, and handicapped education). Finally, levels of funding were raised for most programs. This substantial increase in education support, however, was matched by growth of the Federal Government in general, with the result that elementary and secondary grants-in-aid remained 1.2% of the Federal budget.

* The passage of P.L. 81-815 and P.L. 81-874 in 1950 formalized a program begun in 1941 under the Lanham Act.

Department of Education grant-in-aid programs, however, are only part of the story. A broad range of other Federal programs support elementary and secondary education, usually as a side effect of their primary objectives. These other programs may be grouped into seven major categories.

1. Federal grant-in-aid programs not classified as "education" but providing classroom training or operating at least in part through State and local education agencies. The major programs in this category include Department of Agriculture child nutrition programs, Head Start, and Comprehensive Employment and Training Act training programs.

2. Federal economic development and general purpose grants-in-aid, parts of which have supported elementary and secondary education. This category includes General Revenue Sharing, anti-recession fiscal assistance, Appalachian Regional Development, EDA local public works, CETA temporary employment assistance, Farmers Home Administration school construction loans, and shared revenues in the Departments of Agriculture and the Interior.

3. Federally-operated schools. The Federal Government annually educates about 200,000 students in three types of traditional school settings: the Department of Defense overseas dependent schools (130,000 students), the Department of Defense schools for dependents within the continental United States (30,000 students) and the Department of the Interior, Bureau of Indian Affairs schools for children of federally-recognized Indian tribes (43,000 students). In addition, the Department of Labor's Job Corps operates (primarily through Federal agencies and major corporations) 88 residential centers that provide education and training for up to 44,000 young people.

4. Federal student support programs, parts of which support secondary education students. The two major programs within this category are Veterans Administration "readjustment benefits," and Social Security student benefits. Though both programs primarily benefit postsecondary students, approximately 20% of each program supports secondary students. Four smaller programs provide similar benefits.

5. Federal research and statistical activities. Federal programs within this area include the National Institute of Education and the National Center for Education Statistics.

6. Other spending programs. The Federal Government runs a broad range of programs which provide some aid to elementary and secondary education, and this research has identified a number of such programs: energy conservation grants-in-aid, National Science Foundation science education programs, Junior ROTC, Tools for Schools, Cooperative Extension Service support of 4-H clubs and nutrition education programs, Bureau of Indian Affairs Johnson-O'Malley educational assistance, educational support for children of Yellowstone National Park employees, and Bureau of Prisons education support. The range of the Federal Government activities, however, ensures that other programs exist which this paper has not described.

7. Tax expenditures. Tax expenditures are provisions of the tax code designed to encourage a particular type of activity. Three tax expenditures which support elementary and secondary education are the exclusion from taxable income of charitable donations and of interest on State and local bonds, and the targeted jobs tax credit for businesses. In addition, the deductibility of nonbusiness State and local taxes from income reduces the cost to the taxpayer of paying such taxes, thereby giving indirect assistance to such governments. Finally, the exclusion from taxable income of Federal student assistance increases the value of that assistance.

* * * * *

This paper has two related purposes. First, Section I describes these other programs, illustrating the great diversity in program content, purpose, and delivery system. Unlike Department of Education grant-in-aid programs, the programs described here are often outside the control of State and local education officials. At times local schools operate a share of the program, at times the funds accrue totally to the student, and at times the programs are carried out totally outside the purview of formal education agencies. Section I describes each program and establishes a data base for future analysis.

Sections II and III use the Section I data base to sketch out the broad impact of all Federal programs on elementary and secondary education funding. The diverse nature of the programs described in Section I, with different purposes and clienteles, has resulted in widely differing rates of growth and decline. Section II analyzes the combined financial impact of these programs and Department of Education grant-in-aid programs since 1974. For example, the steady growth of Department of Education grants-in-aid between 1974 and 1980 was partly offset by a steady decline in veterans educational assistance. Similarly, major increases followed by declines in support from broad-based grant programs resulted in total Federal support for elementary and secondary education peaking in fiscal year 1978 and declining thereafter (after adjusting for inflation).

The programs described in Section I also have widely varying regional impacts, which differ from those of Department of Education grant-in-aid programs. These effects are described in Section III for those programs for which the author has been able to uncover useful data. One conclusion from the analysis is that the Rocky Mountain States, the Southeast, and the Southwest have benefitted the most from Department of Education programs, while New England, the Mideast, and the Far West have benefitted more from the broad-based programs. Two regions — the Plains States and the Great Lakes States — seem to receive low per capita assistance in most programs.

This paper was completed in the spring of 1981. Therefore the data and discussion do not reflect the congressional actions in the summer of 1981 rescinding FY 1981 appropriations, lowering FY 1982 authorization levels, and changing program structures.

SECTION I

PROGRAM DESCRIPTIONS

This section contains brief program descriptions of seven categories of Federal programs that provide some support for elementary and secondary education.

Two basic criteria were used for choosing which programs to include, (1) whether a program was administered through a school system, or (2) whether a program provided or supported an educational service. Federal Government programs for its own employees were excluded on the grounds that such programs are not Federal "support" but rather are integral to Federal administrative activities.

1. Federal grants-in-aid not formally classified as "education," but providing classroom training or operating through State and local education agencies.

- A. The Comprehensive Employment and Training Act (CETA) was enacted in 1973, merging and replacing programs operated under the Department of Labor's Manpower Development and Training Act and the Economic Opportunity Act. Under CETA, a State or local "prime sponsor" (usually a county, city, or consortium of local governments) operates or contracts out the operation of the various CETA programs.

The original purpose of CETA was to provide a block grant to prime sponsors, who could then assign the funds according to their own employment and training priorities. The only categorical program within CETA was a small public service employment program for 50,000 individuals.

Over the life of the Act, however, a series of categorical programs have been added. In addition to the original block grant (similar to the training programs now funded under CETA Title II-A,B,C), there are four other groups of programs. First, there are two public service employment programs (Title II-D, Title VI), which at their peak employed over 725,000 individuals. Second, a small new Private Sector Initiative (Title VII) subsidizes employment in the private sector. Third, a series of six programs support employment and training activities for youth (Titles IV and VIII). Finally, a series of small programs for "special Federal responsibilities" (such as for Native Americans, migrants, veterans, and displaced homemakers) are grouped in Title III.

CETA programs support elementary and secondary education in three basic ways. First, most training programs support a great deal of classroom instruction, often through or in coordination with school systems. These programs are discussed in this section. Second, many personnel employed by prime sponsors through public service employment programs have actually worked in schools or in support of educational activities. The public service employment programs are discussed in the following section under "economic development and general-purpose grants-in-aid." Third, the Job Corps program itself provides classroom training for youth, and is discussed under "federally-operated schools" below.

Some CETA programs have mandated set-asides for education. Under Title II-A,B,C, 6% of appropriated funds is set aside for governors' vocational education grants. An additional 1% of all Title II funds (including the Title II-D public service employment program) is set aside to develop prime sponsor-education linkages. In addition, a minimum of 22% of funds appropriated for the Title IV Youth Employment and Training Program (YETP) must be used in support of local education agency activities. Finally, the Title IV Youth Incentive Entitlement Pilot Projects (YIEPP) — while they have no specific set-asides — were established to see if guaranteeing part-time jobs to youth would encourage them to reenter or stay in school. Thus, the structure of YIEPP required school/CETA coordination.

However, CETA support for elementary and secondary education is much greater than these set-asides would indicate. First, many prime sponsors use a far greater share of YETP funds for school support than required. As Hayward and Pelavin (1980) report:

At the outset of the study we intended to investigate in-school programs operated by LEAs under the YETP 22 percent set aside (over \$175 million for FY 80). We found, however, that a much larger amount of YETP funds (perhaps as much as \$375 million) is supporting in-school youth....While the total amount of funding supporting such programs is not known, it is clear that the YETP 22 percent set aside funds represent only a small portion of that total (p.38).

However, a cautionary note must be entered. As pointed out in a recent study (Wilken & Brown, 1981),

....this expenditure level is well above the minimum (set-asides) required by law. It must be stressed, however, that public schools may not have actually received more than a small part of these funds. About 40 percent of all agreements for in-school services are, in CETA parlance, "Non-financial" — that is, prime sponsors pay for services without turning over any cash to school authorities....Moreover, in about 30 percent of all agreements, public schools serve simply as financial middlemen, taking cash from prime sponsors and passing it on to other providers of educational services (p.23).

Thus, schools may not see funds provided under CETA set-asides. Nevertheless, the funds do support elementary and secondary education activities.

A second reason that CETA training funds support elementary and secondary education at levels higher than that required by statutory set-asides is that CETA programs conduct a great deal of classroom training themselves, without necessarily involving local education agencies. For example, the Department of Labor estimates that 52% of the \$1.8 billion spent in FY 1979 under Title II-A,B,C supported classroom training — \$101 million under the governors'

vocational education set-aside and \$840 million under the basic block grant. This compares to only 34% in fiscal year 1975.

- B. Head Start is a comprehensive child development program, providing grants-in-aid to community action agencies, schools, and other local agencies to provide comprehensive services (including health, education, nutrition, and counseling) for low-income children and their families.

Head Start annually serves about 350,000 children. Since 1965, when the program was first started as a small pilot project, Head Start has served over seven million children (including full-year and summer programs).

A survey conducted by the Office of Child Development, Department of Health and Human Services, indicates that nationally during fiscal year 1980 16.5% of Head Start enrollees were served through school systems, ranging from 77% in North Dakota to zero in 13 States (Maine, New Hampshire, Rhode Island, Vermont, Delaware, Arkansas, Mississippi, South Carolina, Montana, Wyoming, Nevada, Alaska, and Hawaii). Table I-1 illustrates the estimated number of children served in school districts by region.

Table I-1. HEAD START BENEFITS PROVIDED
THROUGH SCHOOL SYSTEMS, FISCAL YEAR 1980
(dollars and beneficiaries in thousands)

	Number of Children	Budget-Costs Amount	Percent
New England	2,506	\$ 4,487	15%
Mideast	7,173	17,981	15%
Great Lakes	18,189	29,613	27%
Plains	3,251	5,975	17%
Southeast	11,524	20,575	11%
Southwest	7,386	11,457	24%
Rocky Mountain	708	1,230	9%
Far West	10,221	24,158	31%
Alaska	---	---	0%
Hawaii	---	---	0%

Note: Excludes projects in Puerto Rico and territories, and also excludes programs for Indians and migrants.

Source: Administration for Children, Youth, and Families, Department of Health and Human Services. "% School System Enrollment, End Of Year 1980." (computer printout)

In general, the smaller the program, the higher the probability that it would be run through a school district. Table I-2 illustrates these differences.

Table I-2 PERCENT OF HEAD START STUDENTS
TAUGHT THROUGH SCHOOL SYSTEMS, FISCAL YEAR 1980

<u>Nationally</u>	<u>By Size of Program (actual enrollment)</u>			
	<u>100 or less</u>	<u>101-250</u>	<u>251-500</u>	<u>over 500</u>
16.5%	31.2%	16.7%	13.8%	14.6%

Source: Administration for Children, Youth, and Families, Department of Health and Human Services. "% School System Enrollment, End of Year 1980." (computer printout)

- C. The Federal Government has a variety of child nutrition programs supporting the provision of food to children and youth. As early as 1936, commodities purchased under the Agricultural Adjustment Act were used in school lunch programs, and the passage of the National School Lunch Act in 1946 greatly expanded this assistance through financial grants-in-aid to the States. A total of \$4 billion was spent by the Federal Government on child nutrition programs in fiscal year 1979, with \$2 billion supporting the school lunch program. While all lunches are subsidized, reduced-price or free lunches are provided on the basis of need. Over \$1.3 billion of the \$2 billion spent in fiscal year 1979 was provided on a needs basis.

Other child nutrition programs underwrite the costs of providing free breakfasts (school breakfast program), providing meals in day care centers (child care feeding program) and between school years (summer feeding program), reducing infant mortality and disease (supplemental food program for women, infants, and children — WIC), and purchasing equipment and commodities. Table I-3 summarizes fiscal year 1979 Federal costs for child nutrition programs.

All of these programs take the form of Federal grants-in-aid to State and local governments, and most are exclusively administered by State education agencies. Three programs are administered outside SEAs. The WIC program is administered through State health agencies, and two programs — child care food and summer food — are administered outside SEAs in some States that decline to administer the program. Twelve States decline to administer the child care program, and nineteen decline to administer the summer food program. In those States, the Department of Agriculture regional office acts as the State agency in administering the program.

Table I-3.
FEDERAL CHILD NUTRITION COSTS, FISCAL YEAR 1979
(\$ millions)

School lunch:	
base program	\$ 678
needs-based	1,324
School breakfast	216
Equipment assistance	24
Commodity procurement	349
Summer feeding	138
State administrative expenses	29
Child care feeding	162
Special milk	164
WIC	567
Nutrition studies & education	27
TOTAL	\$ 3,678

Source: Office of Management and Budget, Executive Office of the President. Budget of the U.S. Government FY 81. Appendix. Washington, D.C.: Government Printing Office, 1980.

Analysts disagree as to whether child nutrition programs provide support to elementary and secondary education. The WIC program does not; it is clearly a health program. The child care feeding and summer food programs are more questionable — though most of the programs are administered through State and local education agencies, the programs they support are only marginally educational in nature. There is even dispute about school-based programs like the School Lunch program, since these programs do not provide an educational service in themselves. In addition, it is doubtful that these programs significantly increase the demand for educational services, as is the case for veterans benefits. While it is true that a well-fed child is undoubtedly better disposed toward learning than a poorly-nourished child, the author feels that this in itself does not provide sufficient justification to classify child nutrition programs as elementary and secondary education support. As such, these programs will be excluded from the analysis in Sections II and III. However, financial and descriptive information is provided for those analysts who choose to disagree with the author.

2. FEDERAL ECONOMIC DEVELOPMENT AND GENERAL-PURPOSE GRANTS-IN-AID, PARTS OF WHICH HAVE SUPPORTED ELEMENTARY AND SECONDARY EDUCATION.

- A. General revenue sharing (GRS), enacted in 1973 as the "cornerstone" of President Nixon's concept of "The New Federalism," has provided relatively

restriction-free funds to almost 40,000 State and local general-purpose governments. One-third of the funds were distributed to State governments, and two-thirds were distributed to counties, municipalities, and townships. No funds were distributed to special districts such as fiscally independent school districts.

Local governments were originally required to use their funds within a broad spectrum of "priority expenditures," which excluded education. Since GRS funds could be used for any form of capital expenditure, capital construction was the only legal form in which local governments could use their funds for education. Since relatively few of the recipient governments were involved in financing their schools, however, this did not pose a great problem for them. This priority expenditure restriction was removed in the 1976 reauthorization of the program.

Priority expenditure restrictions were not placed on the States, and a number of governments devoted their entire revenue sharing allotment to education. Since the start of the program coincided with interest in intrastate equalization of spending for education, a number of States used revenue sharing funds to facilitate enactment of equalization proposals.

Recipient governments have been required to report annually their use of revenue sharing funds, and those reports are compiled annually by the Bureau of the Census. Most analysts have agreed that these reports have little validity in measuring the net impact of revenue sharing monies. As a recent report to the Treasury by Peat, Marwick, Mitchell, and Co. (1980) put it:

...fiscal impacts can differ entirely from the nominal uses to which Revenue Sharing funds are appropriated. For example, a state may appropriate General Revenue Sharing payments to retire bonds. If Revenue Sharing payments were stopped, the state would have to appropriate own-source funds to continue bond retirement — but something else in the budget would have to "give" to accommodate that use of own-source funds. Analysis of what would have to "give" reveals the fiscal impact of General Revenue Sharing (p. ii).

In their "actual use" reports for fiscal year 1978, State and local governments reported that they used \$1.2 billion of \$6.9 billion (or 18%) for education. The reports do not provide any greater detail as to the level of education supported. The Peat, Marwick, Mitchell, and Co. report, in an attempt to analyze the impact of a cutoff of State-level revenue sharing funds in fiscal years 1981 and 1982, does provide some additional detail. For that report detailed surveys were conducted in nine States — California, Kansas, Louisiana, Maine, Michigan, New York, Pennsylvania, South Carolina, and Texas — and the results were used to generalize to the entire country. Its most pertinent findings are the following:

- Of the \$1.4 billion that these nine State governments would lose in the two fiscal years, \$1.3 billion would be reflected in expenditure reductions. The remaining \$0.1 billion would be made up by increasing taxes and drawing down fund balances.
- Two-thirds of the expenditure reductions would come in the area of State aid to local governments, and over half of this State aid reduction "would fall on assistance to primary and secondary education and the remainder primarily upon unrestricted state aid to local governments."
- Of the total \$1.3 billion spending reduction, slightly over one-third would apply to elementary and secondary education.

The Peat, Marwick, Mitchell, and Co. report illustrates the lack of validity of the actual use reports. For example, the actual use report from the Texas State Government indicates that its general revenue sharing funds are used for utility bills of State institutions of higher education. The Peat, Marwick, Mitchell & Co. report concludes, however, that the entire net impact of a cut-off of funds to the State would fall on State transfers to local education agencies.

The FY 1981 reauthorization of the general revenue sharing program eliminated the State share, with the provision that (beginning in FY 1982) States could retain their share (given an appropriation) if they gave up an equivalent amount of other Federal grants-in-aid. While the impact of that provision is uncertain — a notice of proposed rulemaking has not even been posted yet, and the lack of an appropriation may make the question moot—a reduction of State transfers to local governments similar to that predicted by the Peat, Marwick, Mitchell, & Co. study is not unlikely.

- B. Anti-recession fiscal assistance (ARFA), also called countercyclical revenue sharing, was initiated in 1976 as part of an economic stimulus program, and was discontinued in 1978. ARFA was targeted toward State and local governments where unemployment rates were high when the national unemployment rate exceeded 6%. According to State and local government actual use reports, only 4% of the \$1.5 billion in ARFA funds spent in FY 1978 was spent for education. No in-depth studies have been conducted to determine the validity of those reports or the levels of education affected. Probably the most significant effect of ARFA on elementary and secondary education was to limit the extent that fiscally strapped governments had to tap education funds to support other functions.
- C. The local public works program of the Economic Development Administration was enacted in two stages in 1976 and 1977, and provided \$6 billion to State and local governments for construction and renovation of facilities. The program was intended primarily to stimulate the economy, and therefore (1) targeted funds toward those areas with highest levels of unemployment, and (2) tried to maximize fiscal impact by funding projects that would not otherwise

be built. To accomplish the latter goal, projects could not be approved if bonds or a local appropriation for construction had been approved already.

Of the \$6 billion in projects originally approved, \$1.1 billion were for 1,549 education-related projects. Of the \$5.7 billion of projects in the 50 States and the District of Columbia, \$0.7 billion (12%) consisted of construction or renovation of elementary and secondary education facilities, making this program the most significant Federal elementary and secondary education construction program in history.

Table I-4 illustrates the distribution of approved projects by region. As might be expected, the rapidly growing regions of the Southwest and Far West used a far greater percentage of their funds for elementary and secondary construction than the rest of the country.

Table I-4.
DISTRIBUTION OF LOCAL PUBLIC WORKS PROJECTS
(\$ millions)

	<u>All Projects</u>	<u>Local Schools</u>	
		<u>Amount</u>	<u>Percent</u>
Southwest	\$ 358	\$ 67	19%
Far West	973	171	18
Plains	312	49	16
Great Lakes	858	104	12
Southeast	914	92	10
Rocky Mountain	207	20	10
Mideast	1,456	142	10
New England	483	19	4
Alaska	65	1	2
Hawaii	40	---	0
TOTAL, U.S.	\$5,666	\$ 665	12%

Source: U.S. Department of Commerce, Economic Development Administration, "LPW Educational Projects or Projects to Schools," January 23, 1981. (computer printout)

While the short-lived local public works program has dominated EDA support for elementary and secondary education, it should be noted that EDA's ongoing public works programs have also provided some support. In general, these amounts have been small — \$43 thousand for a wastewater treatment plant for Maine School District 37, \$15 thousand for high school equipment in Minnesota School District 482, \$4 thousand for a mobile van in Madison, Wisconsin. At times, however, the regular public works program has also financed major construction — \$3.9 million to build a vocational high school in Wayne, New

Jersey, \$1.0 million to build a vocational-technical school for the Kentucky State Department of Education. However, most of these awards preceded the local public works program, and few awards supporting elementary and secondary education have been made in recent years.

- D. Appalachian regional development programs were initiated in 1965 to assist in rural development in the 13 Appalachian States. The initial authority allowed States to use their funds for construction of vocational schools in areas that needed a better trained work force. By 1980, almost 700 construction projects had been approved (Appalachian Regional Commission, 1981).

In 1971, additional authority was provided for using Appalachian regional development funds for vocational education operating funds. In 1975, the authority was further expanded to cover other educational needs on a demonstration basis — basic skills, community education, and cooperative education.

An unpublished paper by Stuart Rosenfeld of the National Institute of Education reports that in the period 1966-79, the Appalachian Regional Commission spent \$350 million for vocational education. Some of these funds were used for postsecondary vocational education, and (in recent years) additional demonstration funds have been used for other elementary and secondary education activities. The Appalachian Regional Commission reports that \$10 million was spent for elementary and secondary education activities in 1979, compared to \$20 million in 1969.

- E. CETA public service employment (PSE) programs benefit schools through three avenues. First, some PSE employees are employed directly by a local education agency. Second, some PSE employees are employed by another local agency but provide services to schools. Finally, the availability of PSE resources to a local government may make it easier for the government to devote additional resources to education (See Wilken and Brown, 1981).

Little data exists on the share of PSE resources that benefit schools. In general, the information that does exist consists of unverified reports by CETA prime sponsors on how much their funds have benefitted education in general. An automated data reporting system monitoring the pre-CETA Emergency Employment Assistance Program (also known as the Public Employment Program — PEP) reported that in FY 1973 \$203.5 million of a total of \$1,001 million in PEP funds supported education activities, and that 17% of the employees worked in the area of education. As the following table illustrates, the share of education personnel in regular CETA employment was the same in fiscal years 1977 and 1978 as in the PEP program. However, the share in new Title VI projects was considerably lower due to the requirement in the counter-cyclical program (Title VI) that many CETA workers be used in special, short-term projects as a means of stimulating employment. It was apparently easier to develop such projects in areas outside of education.

In 1978, the National Commission on Manpower Policy indicated that city and county prime sponsors were allocating 7 percent of PSE funds to school districts (NCMP, 1978). This finding may be consistent with the Department of Labor figures if one assumes that the bulk of local PSE funds supporting education went to higher education. However, local governments generally play a minor role in higher education.

Table I-5.
FUNCTIONAL BREAKDOWN OF CETA PSE EMPLOYMENT

	<u>Title VI Projects</u>	<u>Regular Titles II and VI</u>
Education	12%	17%
Law enforcement	3	13
Health and hospitals	5	8
Public works, housing and transportation	26	26
Social services	14	10
Fire protection	4	2
Environmental quality	16	4
Parks and recreation	11	10
Other and unknown	<u>5</u>	<u>10</u>
TOTAL	100%	100%

Source: Ernest G. Green, "Public Service Employment Status; Period Ending January 27, 1978," U.S. Department of Labor, Office of the Assistant Secretary for Employment and Training, February 3, 1978. (memorandum)

Whatever the situation was in 1978, it can be expected that the share of PSE funds going to education has steadily declined. The 1978 CETA amendments placed a number of restrictions on PSE workers, including an 18-month employment limit, low average wages, and tight eligibility requirements based on need. Under PEP, education had one of the highest man-year costs. One can expect that union contracts prohibit many local education agencies from paying the low salaries required by the new law. In addition, the increased emphasis that the new law placed on funding community-based organizations resulted in drawing funds away from already established client organizations.

- F. In 1972, the role of the Farmers Home Administration in rural development was expanded. Among the new authorities, a program of construction loans to school districts was begun. Since 1972, loans to public education in the fifty States have totaled \$60 million, with activity concentrated in New England (27 percent) and the Southeast (23 percent).

- G. When the Departments of Agriculture and the Interior lease National Forest, National Park, or other public lands for commercial exploitation (timber, grazing, minerals, etc.), a share of the revenues is often transferred to nearby local governments for their own use. Many such transfers have traditionally required that the funds be used for "schools and roads," though other funds are transferred with no restrictions.

The total of these shared revenues has increased dramatically in recent years, from \$186 million in FY 1977 to \$842 million in FY 1982, a 350% increase in just five years. Over half of these funds went to governments in the two States of Oregon and California in fiscal year 1979. As receipts from mineral leasing increase, however, States such as Alaska will increase their share.

3. FEDERALLY-OPERATED SCHOOLS.

- A. The Department of Defense operates 270 schools in 23 countries for dependents of overseas personnel. Approximately 130,000 students are educated through this program at a fiscal year 1979 cost of \$363 million. The Department of Education Organization Act provides for the transfer of this program to the Department of Education by 1983.
- B. The Department of Defense also spent \$57 million in FY 1979 to educate about 30,000 dependents within the continental United States (CONUS) command where adequate local educational facilities have not been available. These schools are funded through Section 6 of the Department of Education's impact aid program, which transfers the funds to the four Armed Services. The schools are operated directly under the authority of the base commander. Of the eighteen schools all but those located at West Point (New York) and Buchanan Naval Base (Puerto Rico) are in the Southeast region of the country.

It has been the policy of the Federal Government to encourage local school districts to assume responsibility for such schools but few schools have actually been transferred. Of the \$57 million, \$5 million is paid for services at six schools that have been transferred to local control.

- C. The Federal Government provides educational assistance to about 225,000 children of federally-recognized Indian tribes. About 180,000 children attend public schools, which are subsidized through the impact aid program, and the Bureau of Indian Affairs (BIA's) Johnson-O'Malley program. The remainder attend Federal and tribal (formerly Federal) schools which are either operated by (Federal) or receive their funding through (tribal) the BIA.

Unlike the Department of Defense schools, BIA schools are eligible for funds under all Federal aid programs. In fiscal year 1979, for example, these schools received \$38 million from Department of Education grant programs, including Title I, education of the handicapped, libraries and learning resources, bilingual education, and educational opportunity grants (OMB, Appendix, 1980). In addition to this direct aid, BIA schools also receive Federal aid through the

tribes they serve. Head Start and vocational education, for example, are funded through the tribes rather than through the BIA schools themselves. Thus, the vocational education 1% tribal set-aside (\$6 million) flows through the tribes to BIA, public, and tribally-controlled schools.

At times, the BIA and the local school district will jointly support the education of Indian children. For example, they may jointly finance a school's operations. Alternatively, the BIA sometimes provides dormitories located near public schools for Indian children from sparsely settled rural areas.

The distribution of BIA funds is sharply concentrated geographically, as illustrated by Table I-6.

Table I-6. REGIONAL DISTRIBUTION OF BIA
SCHOOL OPERATIONS SPENDING
(fiscal years; \$ millions)

	<u>1957</u>	<u>1969</u>	<u>1979</u>
New England	---	---	---
Mideast	---	---	---
Great Lakes	---	---	\$ 0.5
Plains	\$ 5.7	\$10.4	22.6
Southeast	0.4	2.2	6.4
Southwest	24.5	47.2	89.8
Rocky Mountain	3.5	5.5	11.9
Far West	1.8	3.8	5.4
Alaska	3.5	10.0	9.5
Hawaii	---	---	---
Unassigned or unallocated	---	-1.2	13.9
TOTAL, U.S.	\$39.4	\$77.9	\$160.0

Source: Office of Management and Budget, Executive Office of the President. Budget of the United States Government, various years; Susan Smith and Margaret Walker. Federal Funding of Indian Education: A Bureaucratic Enigma. Washington, D.C.: Bureau of Social Science Research Inc., May 1973; Department of the Interior internal calculations.

- D. The Jobs Corps' purpose is "to assist young people who need and can benefit from intensive programs of education, vocational skills training, and other services while living in a residential setting." Youth between the ages of 16 and 21 are eligible for the program. As of September 30, 1979, Job Corps provided training for 34,000 youth in ninety centers (including two in Puerto Rico). They include thirty Civilian Conservation Centers administered by the Departments of Agriculture and Interior in national parks and forests and on other public lands; fifty-five centers operated under contract with business

firms, non-profit organizations, and State and local governmental agencies; and three extension centers administered respectively by two unions and one major corporation.

The Job Corps is now expanding to a capacity of 44,000, requiring major capital investment. Of the \$0.4 billion spent by the Job Corps in fiscal year 1979, over one-fourth was for capital expenditures (Dept. of Labor, ETA, FY 1979).

Department of Labor analysts estimate that about 20% of Job Corps operating funds are spent on basic skills and vocational education. The remainder is spent on training and providing residential services, including comprehensive health care.

Job Corps centers are not always federally operated. The operation of many centers is contracted out by the Department of Labor. However, like the tribally-operated schools of the Bureau of Indian Affairs, the contractor has a close relationship with the Federal Government, and the centers themselves are designed by the Federal Government with Federal objectives in mind. Other Federal youth programs are operated by or contracted through State and local governments and thus reflect State and local objectives. For these reasons, the Job Corps centers have been classified in this paper as "federally-operated."

4. Federal Student Support Programs, Parts of Which Support Secondary Education.

The Federal Government has two major sets of programs in this category: readjustment benefits of the Veterans Administration and student assistance programs of the Social Security Administration. In both cases, the programs primarily assist postsecondary students, but provide about one-fifth of their funds to lower levels of education.

- A. Veterans readjustment benefits are designed to assist in preparing veterans for civilian life. Educational benefits are provided to post-Korean war veterans and service personnel (Chapter 34 — the G. I. Bill) and their surviving spouses and children (Chapter 35). Table I-7 provides an historical summary of recent benefits. In FY 1979, 19% of Chapter 34 beneficiaries and 10% of Chapter 35 beneficiaries attended schools other than colleges. This represents a significant decline from FY 1973, when 36% and 13% respectively attended lower-level schools. This decline may be attributed to a number of factors, including a tightening of requirements for correspondence schools and the November 1, 1976 termination of the Predischarge Educational Program for most in-service personnel.

The emphasis on postsecondary education under the G.I. Bill varies widely among regions. Table I-8 illustrates the wide discrepancies in Chapter 34 beneficiaries, with three regions having high concentrations of non-college

beneficiaries. Of the 10,000 recipients of Chapter 35 aid attending schools other than colleges, more than 1,000 are in Florida, and almost 40% are located in just five States — Florida, Georgia, Texas, California, and Alabama.

While these data provide a useful description of G.I. bill benefits for schools other than colleges, a cautionary note must be introduced. The Veterans Administration focuses its data on level of institution rather than subject level. As such, a non-college flight training course in Alabama may well be comparable to a college level course in a California junior college, thereby skewing the regional comparisons.

Table I-7.
PERSONS IN VETERANS TRAINING, FISCAL YEARS 1967 - 1979
(thousands of trainees)

	<u>1979</u>	<u>1977</u>	<u>1975</u>	<u>1971</u>	<u>1967</u>
Chapter 34:					
Institutions of higher education	968	1,381	1,696	917	339
Schools other than colleges	226	444	804	522	129
On-the-job training	84	112	192	146	--
Chapter 35:					
Total	103	107	88	60	37
Schools other than colleges	10	11	10	8	4

Note: Includes assistance in Puerto Rico and territories. While Chapter 34 is exclusively for post-Korea veterans, about half of Chapter 35 benefits assist survivors of veterans of the Korean and two world wars.

Source: Veterans Administration, Office of the Controller, Reports and Statistics Service. Veterans Benefits Under Current Educational Programs: Fiscal Year 1979. Washington, D.C., March 1979.

Table I-8. REGIONAL DISTRIBUTION OF G.I.
BILL BENEFICIARIES, CHAPTER 34, FISCAL YEAR 1979
(thousands of trainees)

	<u>Total Beneficiaries</u>	<u>% Attending Schools Other than Colleges</u>
Southeast	329	26%
Plains	92	22%
Mideast	163	20%
Rocky Mountain	46	15%
Great Lakes	170	14%
Southwest	154	13%
New England	63	13%
Far West	234	11%
Alaska	3	33%
Hawaii	12	17%
TOTAL, U.S.	1,267	18%

Source: Veterans Administration, Office of the Controller, Reports and Statistics Service. Veterans Benefits Under Current Educational Programs: Fiscal Year 1979. Washington, D.C., March 1979.

- B. Social Security student benefits are a relatively recent part of the Social Security overall objective to help an insured worker, once his earnings are lost, to continue "support of aged parents, rear and educate children, maintain his family at a standard of living more or less consistent with American ideals...." The student benefits are income maintenance payments to children through age 21, which terminate at age 18 unless a child is a full-time student. The following brief history describes the development of student benefits as part of Social Security:

- 1935 Passage of Social Security Act.
- 1939 Benefits extended to aged wife, to dependent parents, to children under age 15, and to student children aged 16-17, and (for deceased workers) to widows and surviving children.
- 1946 Benefits extended to all dependent children through age 18.
- 1950 Continued benefits extended to a disabled child.
- 1965 Benefit payments extended to full-time dependent students aged 18-21.

Unlike Veterans programs, very little information is available for Social Security student payments. Table I-9 illustrates growth of expenditures:

Table I-9. SOCIAL SECURITY STUDENT BENEFITS

<u>Fiscal Year</u>	<u>Total Outlays (\$ millions)</u>
1970	\$ 498
1971	603
1972	691
1973	850
1974	928
1975	1,077
1976	1,324
TQ*	331
1977	1,563
1978	1,687
1979	1,809
1980	2,001
1981	2,200
1982	2,400

*Transition quarter to the new fiscal year.

Source: Robert I. K. Hastings, "Student OASDI Beneficiaries: Program Utilization and Educational Aspirations," Social Security Bulletin, September 1978; Discussions with Robert I.K. Hastings.

A one-time study conducted in fiscal year 1973 by the Social Security Administration attempted to develop additional information about the program. The following are its most relevant findings:

- 21% of beneficiaries attended high school, 72% attended institutions of higher education, and 7% undertook other courses.
- The monthly benefit amount for high school students was \$98 (versus \$118 for college students).
- 50% of high school beneficiaries came from families with incomes below \$6,000 (versus 25% for college students).

C. At least four other Federal programs extend benefits for dependent students aged 18-21. These include Federal employee retirement, railroad retirement, special benefits for disabled coal miners ("black lung"), and aid to families with dependent children (AFDC). The author has no estimate of the size of these benefits, but they are certainly much smaller than benefits from the first two programs. The extension of AFDC benefits has further importance, since other Federal programs (CETA, Medicaid, the Targeted Jobs Tax Credit, etc.) provide categorical eligibility to AFDC

recipients. In addition, programs such as ESEA Title I use the number of AFDC recipients as part of their formulas, and the extension of AFDC benefits affects the distribution of ESEA Title I funds.

5. FEDERAL RESEARCH AND STATISTICAL ACTIVITIES.

While the Department of Education provides less than 10% of public funds spent nationally for elementary and secondary education, it provides 90% of public funds spent on education research (Dept. of Ed., OERI, 1980). The bulk of this effort is carried out by the Department's Office of Educational Research and Improvement through two distinct units, the National Institute of Education (NIE) and the National Center for Education Statistics (NCES). NIE was first established in 1972, and NCES in 1974, though their research and statistical efforts precede these dates.

NIE conducts three types of programs. The teaching and learning program attempts to enlarge scientific understanding of human learning and development, with an emphasis on improving basic and complex skills in literacy. The educational policy and organization program supports research on how the governance and organization of education can be made more effective and equitable. Finally, the dissemination program aims to help teachers and school administrators obtain and make use of knowledge about education.

NCES maintains a core of education statistics on institutions and individuals to monitor trends and provide a knowledge base for policy decisions. The Center annually updates handbooks on the condition of American education, and publishes a Digest of Education Statistics.

Combined appropriations for NIE and NCES reached a peak of \$91 million in fiscal year 1981, slightly more than the level in fiscal year 1978. While precise amounts are not available, probably 90% of these funds support elementary and secondary education research and dissemination.

Other units of the Education Department also conduct their own research—in particular, the Assistant Secretary for Planning and Evaluation, the Office for Civil Rights, and certain program units. A recent effort to quantify these efforts suggest a \$5-10 million per year effort.

6. OTHER SPENDING PROGRAMS.

The Federal Government supports a wide variety of small programs that either directly or indirectly have an impact on elementary and secondary education. These range from energy conservation grants to citizenship programs to support for specific types of education (such as science education).

- A. Under a new program, the Department of Energy will provide \$0.2 billion in fiscal year 1981 for energy conservation grants to hospitals and State

education agencies. These funds are to be used to conduct energy audits and make hospitals and schools more energy efficient.

- B. The National Science Foundation, through its Directorate for Science and Engineering Education, provides about \$80 million per year to assure a stable flow of talented students into the science and engineering workforce and to help citizens increase their understanding of science and technology to a level that enables them effectively to meet the requirements of a contemporary society. It does this through four program activities: scientific personnel improvement (\$35 million), science education resources improvement (\$22 million), science education development and research (\$16 million), and science education communication (\$9 million). The bulk of these funds support postsecondary efforts. However, junior high school science education has received a new emphasis recently, with approximately \$11 million spent on these efforts in 1980. In addition, a small share of development and research efforts address problems of elementary and secondary science education (NSF, 1981).
- C. The Department of Defense Junior ROTC (Reserve Officers Training Corps)* program has existed in its present form since 1964, when Public Law 88-647 required each Military Department to establish and maintain Junior ROTC units. Prior to 1964, only the Army had a Junior ROTC program, established in 1919.

Junior ROTC is a cooperative program between the services and host high schools with a stated purpose of giving students "an opportunity to learn about basic elements and requirements for national security and their personal obligations as Americans to contribute to national security." Schools are required to provide adequate classroom facilities, equipment storage space, and drill arms; employ retired officer and enlisted instructors; and conduct as a minimum a three-year course of military instruction.

There are currently 1,278 units authorized in law, and 1,267 are operational with an enrollment of approximately 135,000. Department of Defense support of \$32 million in fiscal year 1981 includes authorized government equipment, uniforms, instructional material, and one-half the difference between each instructor's retired military pay and what he would receive if on active duty. About two-thirds of the units are located in the 16 States of the Southeast and Southwest, with the largest concentrations in Texas, Alabama, Georgia, Florida, and North Carolina.

- D. The Defense Logistics Agency, Department of Defense, loans industrial equipment to non-profit vocational education and training institutions through its Tools for Schools program. In fiscal year 1980, equipment valued at \$40.0 million was loaned to such institutions, with 670 loans covering 6,024 tools.

* This information is taken from OMB internal program descriptions.

- E. The Department of Agriculture's Cooperative Extension Service conducts two programs that support elementary and secondary education, though both take place outside traditional school settings. First, the Extension Service will spend \$79 million in fiscal year 1981 in support of local 4-H programs. These funds are distributed primarily on the basis of rural population to 50 States and the District of Columbia, supplementing State and county funds and the efforts of an estimated 600,000 volunteers. Total 4-H enrollment in 1979 was almost 4.4 million youth between the ages of 9 and 19. Individual 4-H members enroll in one or more organized projects each year, with the most popular programs being animals and poultry; individual and family resources; energy, machines, and equipment; and leisure education and cultural arts. Almost 60% of 4-H participants live on farms or in towns under 10,000 population.

In addition to 4-H, the Extension Service's Expanded Food and Nutrition Education Program (EFNEP) will spend \$55 million in fiscal year 1981. This program works with families to improve their knowledge of food and nutrition requirements. Within the EFNEP program, support is provided for additional 4-H food and nutrition programs for over 600,000 youth. The Department of Agriculture reports that this 4-H program places greater emphasis on reaching low income city youth (USDA, SEAE, 1979).

- F. The Bureau of Indian Affairs' Johnson-O'Malley program provides about \$30 million per year to public and tribal schools for supplementary educational assistance. These funds have virtually no programmatic requirement, and supplement impact aid and local funds in support of the education of Indian children.
- G. Revenues received from the collection of short-term recreation fees to Yellowstone National Park are used to provide educational facilities to the children of employees. In fiscal year 1970, \$389,000 was spent for this purpose.
- H. The Federal prison system provides a variety of academic, social, and occupational education courses to inmates at an annual cost of \$10-15 million. These courses are conducted at all levels of education.

7. TAX EXPENDITURES

Tax expenditures, as defined under the Congressional Budget Act of 1974, are "revenue losses attributable to provisions of the Federal tax laws which allow a special exclusion, exemption, or deduction from gross income or which provide a special credit, a preferential rate of tax, or a deferral of tax liability." Tax expenditures are often viewed as alternatives to spending programs as policy instruments. For example, a tuition tax credit that subsidizes private elementary and secondary schools would result in a tax expenditure, and could be viewed as an alternative to a voucher system.

There are five forms of tax expenditures that currently aid elementary and secondary education.

- A. Individuals and businesses can deduct from taxable income charitable contributions to educational institutions, lowering the net cost of the donation to the giver. The President's Budget estimates that this reduces income taxes for individuals by \$1.0 billion and for corporations by \$0.3 billion for fiscal year 1981. However, there is no estimate by level of education.
- B. Interest on State and local securities does not count as "income" for Federal income tax purposes, effectively reducing the cost of borrowing for education capital expenditures. The Budget estimates that this provision reduces fiscal year 1981 income taxes \$4.0 billion for corporations and \$1.9 billion for individuals. The Bond Buyer estimates that about 20% of State and local borrowing in the 1960's and 1970's was for "schools" of all levels, but no further breakout of borrowing or revenue loss by level of education has been attempted (Lulkovich, 1980).
- C. The deductibility of State and local government taxes provides an indirect subsidy to public schools by reducing the net cost of those taxes to the taxpayer. The Budget estimates that the deductibility of property taxes on owner-occupied homes reduces fiscal year 1981 taxes by \$7.3 billion for individuals. The deductibility of other nonbusiness taxes reduces 1981 liability \$3.3 billion for corporations and \$1.6 billion for individuals. Since somewhat less than 30% of State and local expenditures support elementary and secondary education, between \$3-4 billion of these tax expenditures would aid public schools.
- D. The exclusion of most Federal student assistance from taxable income increases the value of such assistance. Since most Federal student assistance supports higher education, most of these tax expenditures also support higher education.
- E. The Targeted Jobs Tax Credit (TJTC) provides a tax credit to employers of certain categories of individuals. The maximum credit per individual per year is \$3,000. Students aged 16 through 19 of cooperative education programs are categorically eligible, and Table I-10 illustrates that 45% of TJTC credits go to employers of such students, with three regions (Philadelphia, Chicago, and Dallas) making over 60% of TJTC certifications for such graduates. The Budget estimates that TJTC reduces fiscal year 1981 income taxes \$0.3 billion for corporations and \$0.1 billion for individuals, and we can assume that somewhat less than half of these amounts subsidized the employment of cooperative education students.

Care should be exercised in using estimates of tax expenditures. As opposed to spending programs, where one merely counts amounts spent, estimating tax expenditures requires estimating the taxpayers' response to a provision of the tax code, given that other features of the code remain constant. Thus, each

TABLE 1-10.
TARGETED JOBS TAX CREDIT PROGRAM,
CERTIFICATIONS ISSUED
REGIONAL TOTALS
AS OF SEPTEMBER 30, 1980

Region*	Economically Disadvantaged			Handi- capped	Coop Youth	General Welfare Recipients	SSI Recipients	Total
	Youth	Viet Vets	Excon- victs					
Region I	4,955	918	552	869	5,944	632	81	13,951
Region II	11,010	1,417	845	1,105	11,710	2,646	159	28,892
Region III	6,877	1,009	1,606	2,111	24,763	1,334	94	37,794
Region IV	47,923	4,431	6,535	4,323	22,886	93	173	86,364
Region V	11,908	1,484	1,626	3,221	29,837	858	95	49,029
Region VI	10,883	792	986	1,326	24,126	23	17	38,153
Region VII	4,974	755	863	1,065	6,733	109	14	14,513
Region VIII	3,131	571	317	762	5,953	42	37	10,813
Region IX	7,508	1,221	890	1,354	2,659	214	58	13,904
Region X	4,514	1,137	825	1,162	4,306	341	45	12,330
TOTAL	113,683	13,735	15,045	17,298	138,917	6,292	773	305,743

* Federal administrative regions; totals by National Income and Product Accounts regions are not available.

Source: U.S. Department of Labor, U.S. Employment Service, Office of Program Review. Targeted Jobs Tax Credit Program (TJTC).
Monthly Summary. Period Ending September 30, 1980. September 1980.

tax expenditure is measured at the margin, and for that reason cannot be easily manipulated mathematically. Thus, the combined effect of two tax expenditures is different from the sum of the individual effects.

SUMMATION

There is a broad variety of Federal programs that aid elementary and secondary education. Student assistance programs increase the demand for educational services by encouraging more students to attend. Grant-in-aid programs tend to subsidize and therefore increase the supply of educational service, while federally-operated schools directly provide such services. Tax expenditures affect both the demand and supply sides of the economic equation. Finally, research and statistical efforts support increases in educational quality.

Section I has provided a brief summary of how these programs actually affect the provision of educational services. Section II will trace how financial assistance provided by these programs and Department of Education grants-in-aid has increased and then declined over the past eight years.

SECTION II: CUMULATIVE EFFECTS OVER TIME

This section presents information on recent spending patterns for each of the major programs mentioned in Section I, and analyzes their cumulative effects.

It should be recognized that certain problems in data quality and availability affect the scope of this analysis. First, the data series was begun in fiscal year 1974, even though much data existed for previous time periods, because information for some programs was not available prior to that time. Second, much of the data is not "pure." Some of the vocational education, library resources, and veterans education support goes to postsecondary institutions, just as some higher education money goes to support secondary education efforts. Third, a number of small programs mentioned in Part I have not been included in this analysis because adequate data was not obtained.*

These data inconsistencies do not detract from the overall conclusions of the analysis. Some of the inconsistencies cancel each other out. In addition the magnitude of the changes observed here overwhelm the relatively small data problems and omissions.

In the cases of Department of Education grants-in-aid, Federally operated schools, and research and statistics, the amounts spent on the programs (Tables II-2, 5, 7) represent direct support for elementary and secondary education. For the other programs, however, only a part of the program funds support elementary and secondary education. For these programs, two tables are shown. The first table displays total spending for each program. The second table displays estimates of each program's support for elementary and secondary education, based on the discussion in Section I.

This analysis uses the January, 1981 President's budget request for Fiscal Years 1981 and 1982. The 1981 March budget revisions substantially altered that request. Most elementary and secondary education programs were to be merged into block grants, with appropriations reduced 25%. Reductions in CETA, Appalachian regional development, child nutrition, NSF, and BIA would also reduce funds available to schools, and the elimination of the Targeted Jobs Tax Credit would reduce subsidies to cooperative education. Appendix tables A-4 and A-5 provide some information concerning the extent of the recommended reductions for Federal grants-in-aid programs.

* Programs excluded for lack of data are Farmers Home loans, energy conservation grants, Tools for Schools, Cooperative Extension Service programs, Yellowstone Park educational assistance, Johnson-O'Malley, and Bureau of Prisons schools.

FINDINGS

Federal support for elementary and secondary education has grown from \$6.4 billion in fiscal year 1974 to \$11.8 billion in fiscal year 1982, under the January budget recommendations. This represents an average annual increase of eight percent. During the period, however, inflation will have increased at an annual rate of over ten percent (according to the January budget projections), resulting in a real decline in Federal support for elementary and secondary education of approximately 5.4% over this eight-year period. The decline is particularly severe over the past four years, with real resources dropping about 16%.

Table II-1 illustrates the composition of this decline. Overall, Department of Education grants-in-aid have grown slightly over the eight-year period, though they have declined in real terms since fiscal year 1980. Other specific grant-in-aid programs show a similar pattern. The only two areas of major decline are (1) economic development and broad-based grants and (2) student assistance programs, though the relatively small financial effort in research and statistics also has shown a 32% decline. The one area of consistent growth is that of federally-operated schools.

The comparisons shown at the bottom of Table II-1 provide a number of measures by which to gauge the overall decline in funds. As the table shows, Federal school support has declined almost continually over this period as a percentage of the Federal budget. Even using the Carter budget recommendations, 1982 school support would have lost thirty percent of its share of total Federal spending. This decline is paralleled by a sharp decline in the share of grant-in-aid support going to elementary and secondary education.

A different focus for comparison is provided by looking at the figures on a per-pupil basis. Per pupil spending in 1982 is about double that in 1974. After accounting for inflation, however, per pupil school support in 1982 is only slightly higher than in 1974, with the 1982 level representing a decline from the sharp increases in the 1978-80 period. To the extent that Federal regulations (e.g. environmental) and requirements (e.g. education of the handicapped) have increased school costs, however, the maintenance of per pupil support would mean a decline in share of total costs.

Perhaps the best measure of comparative Federal support for elementary and secondary education is the share of local school spending provided by the Federal Government. Table II-1 illustrates that this share, after peaking in 1978, declined in 1979. While figures for 1980-82 are not available, it is probable that the decline will continue throughout this period.

Tables II-2 through II-7a provide programmatic detail supporting Table II-1. Table II-2, which illustrates Department of Education grant-in-aid programs, shows that Impact Aid is the only program to have experienced a major decline since 1974. The extent of this decline may be exaggerated, however, as the 1982 figure represents the proposed level. Every recent President has proposed reducing Impact Aid funding, with Congress never reducing it as much as proposed. The one

TABLE 11-1. FEDERAL SUPPORT FOR
ELEMENTARY AND SECONDARY EDUCATION,
FISCAL YEARS 1974 - 1982

(in millions of current dollars)							
	1974	1976	1977	1978	1979	1980	January Budget 1981 1982
Dept. of Education grants-in-aid	3,352	3,935	4,347	4,980	5,905	6,593	6,807 7,092
Other specific grant programs	772	1,092	1,214	1,469	1,723	1,969	1,884 2,052
Broad-based grant programs	923	1,170	1,225	1,966	1,472	1,269	634 526
Subtotal, grants-in-aid	5,047	6,197	6,786	8,415	9,100	9,831	9,325 9,670
Federally-operated schools	574	653	704	796	974	1,073	1,213 1,448
Student assistance programs	750	1,042	867	752	679	649	598 559
Research and statistics	74	71	71	90	91	85	94 97
TOTAL FEDERAL SUPPORT FOR SCHOOLS	6,445	7,963	8,428	10,053	10,844	11,638	11,230 11,774
(in millions of constant 1972 dollars)							
Dept. of Education grants-in-aid	2,923	2,878	2,944	3,149	3,444	3,545	3,353 3,217
Other specific grant programs	674	798	822	929	1,004	1,059	928 931
Broad-based grant programs	805	856	829	1,243	859	682	312 239
Subtotal, grants-in-aid	4,402	4,532	4,595	5,321	5,307	5,286	4,593 4,387
Federally-operated schools	512	479	477	506	582	594	612 677
Student assistance programs	662	773	598	485	396	334	273 230
Research and statistics	66	52	48	57	54	47	47 45
TOTAL FEDERAL SUPPORT FOR SCHOOLS	5,642	5,836	5,718	6,369	6,339	6,261	5,525 5,339
Exhibits							
Grants-in-aid as a share of: all Federal grants	11.0%	10.5%	9.9%	10.8%	11.0%	10.8%	9.8% 9.7%
State and local school spending	11.8%	11.6%	11.3%	12.4%	12.2%	N/A	N/A N/A
Total Federal support for schools as a share of: total Federal spending	2.4%	2.6%	2.4%	2.5%	2.3%	2.2%	1.9% 1.7%
Per pupil Federal support for schools: ²							
current dollars	128	160	171	207	227	249	245 262
constant dollars	112	117	116	132	133	134	121 119

¹ National Income Accounts rebenchmarked definition; fiscal year estimates obtained through interpolation.

² Support in fiscal year t compared to fall enrollment t-1; 1980-82 enrollments estimated.

Source: Office of Management and Budget, Executive Office of the President. Special Analyses, Budget of the U.S. Government FY 1982. Washington, D.C.: Government Printing Office, January 1981. U.S. Department of Commerce, Social and Economic Statistics Administration, Bureau of Economic Analysis. unpublished tables; W. Vance Grant and Leo J. Eiden. Digest of Education Statistics, 1980. National Center for Educational Statistics, 1980.

program which has experienced significant growth over the period is handicapped education, which expanded rapidly after the passage of P.L. 94-142 in 1974.

The most significant funding declines over this period are highlighted in Tables II-4, 4a, 6, and 6a. These examine student assistance and grant-in-aid programs which have in the past provided significant support for elementary and secondary education but have since declined significantly or have been eliminated. In the case of student assistance grants, funds support student attendance in both public and private schools.

In the case of economic development and general purpose grants-in-aid, however, the declines almost exclusively affect public schools, and may affect public schools in a much more significant manner than the figures here indicate. The figures in Table II-4a assume that one-third of State general revenue sharing funds supported elementary and secondary education, and that the primary effect of losing these funds will be to reduce State aid by that amount. However, the reduction may well be greater than one-third if States use other funds now allocated to education to replace these and other lost Federal grant funds.

Much of the increase in outlays for federally-operated schools results from expanded capital expenditures for overseas dependent schools and Job Corps Centers. The former constitutes "catch up" of deferred construction or repairs, while the latter reflects the expansion of the program to a maximum capacity of 44,000.

Increases in Department of Education grant programs, combined with reductions in other areas, have resulted in a steady increase in their share of the total. Whereas Department of Education grants provided 52% of Federal elementary and secondary education support in FY 1974 and 50% in FY 1976, this proportion increased to 58% in FY 1980. Under the January budget, the percentage would increase to 63% in FY 1981 and FY 1982.

Section III furthers the analysis of the total impact of Federal aid by examining the varying levels of support that these programs have provided to different regions of the country.

TABLE II-2. DEPARTMENT OF EDUCATION GRANT-IN-AID OUTLAYS,
FISCAL YEARS 1974-1982

BUDGET ACCOUNT	(in millions of current dollars)						January Budget	
	1974	1976	1977	1978	1979	1980	1981	1982
Elementary and Secondary Education ¹	1,665	2,159	2,340	2,801	3,115	3,536	3,345	3,808
Indian Education	10	25	47	56	57	90	51	78
Impact Aid	529	558	719	706	858	622	718	346
Emergency School Assistance	202	211	241	231	315	315	283	288
Handicapped Education	43	90	120	226	456	810	1,061	1,075
Occupational, Vocational & Adult Education	569	748	692	691	769	854	927	1,079
Library and Learning Resources	137	137	160	209	255	262	250	263
Other	197 ²	7	28	60	80	104	172	155
TOTAL	3,352	3,935	4,347	4,980	5,905	6,593	6,807	7,092

(in millions of constant 1972 dollars)								
Elementary and Secondary Education ¹	1,451	1,579	1,585	1,771	1,817	1,901	1,648	1,727
Indian Education	9	18	32	35	33	48	25	35
Impact Aid	461	408	487	446	500	334	354	157
Emergency School Assistance	176	154	163	146	184	169	139	131
Handicapped Education	37	66	81	143	296	436	523	488
Occupational, Vocational, & Adult Education	496	547	469	437	449	459	457	489
Library and Learning Resources	119	100	108	132	149	141	123	119
Other	172	547	469	437	449	459	457	489
TOTAL	2,923	2,878	2,944	3,149	3,444	3,545	3,353	3,217

¹ Includes bilingual education and youth initiative spending.

² Includes funds later merged into elementary and secondary education account.

Source: Department of Treasury, Fiscal Service - Bureau of Government Financial Operations, Division of Government Accounts and Reports. Federal Aid to States. (various years); Executive Office of the President, Office of Management and Budget. Special Analyses, Budget of the U.S. Government. (various years).

TABLE II-3. FEDERAL GRANT-IN-AID PROGRAM OUTLAYS NOT CLASSIFIED
AS EDUCATION BUT PROVIDING CATEGORICAL SUPPORT
FISCAL YEARS 1974-1982

(in millions of current dollars)

	1974	1976	1977	1978	1979	1980	January Budget 1981	1982
Child Nutrition Programs ¹	793	1,878	2,775	2,526	2,862	3,388	3,325	3,504
Head Start	408	486	474	523	625	736	716	871
CETA Employment & Training:								
Block Grant (Title II-A,B,C)	1,108	1,698	1,756	1,875	1,802	2,144	2,000	2,011
Youth training grants			4	326	632	692	746	787
TOTAL	2,309	4,062	5,009	5,250	5,922	6,900	6,787	7,173

(in millions of constant dollars)

	1974	1976	1977	1978	1979	1980	1981	1982
Child Nutrition Programs	691	1,373	1,879	1,597	1,669	1,822	1,638	1,589
Head Start ²	357	355	321	331	365	396	353	395
CETA Employment & Training:								
Block Grant (Title II-A,B,C)	966	1,242	1,189	1,186	1,051	1,153	985	912
Youth training grants			3	206	369	372	367	357
TOTAL	2,014	2,970	3,392	3,320	3,454	3,743	3,343	3,253

Note: This table shows total program spending. See Table II-3a for estimated amount of direct support for elementary and secondary education.

¹ Excludes supplemental food program for women, infants and children (WIC).

² Includes funds for the Youth Incentive Entitlement Pilot Projects (YIEPP), Youth Employment and Training Programs (YETP) and (in FY 1982) 70% of the CETA part of the President's youth initiative.

Source: Department of the Treasury, Fiscal Service - Bureau of Government Financial Operations, Division of Government Accounts and Reports. Federal Aid to States. (various years); U.S. Department of Labor, Employment and Training Administration. Quarterly Progress Reports. (various years).

TABLE II-3a. ESTIMATED ELEMENTARY AND SECONDARY
EDUCATION SUPPORT FROM NON-EDUCATION GRANT PROGRAMS,
FISCAL YEARS 1974-1982

(in millions of current dollars)

	1974	1976	1977	1978	1979	1980	January Budget 1981	1982
Child Nutrition Programs ¹	---	---	---	---	---	---	---	---
Head Start	408	486	474	523	626	736	716	871
CETA Employment & Training:								
Block Grant (Title II-A,B,C) ²	364	606	740	873	942	1,121	1,046	1,052
Youth training grants ³	---	---	*	73	155	112	122	129
TOTAL	772	1,092	1,214	1,469	1,723	1,969	1,884	2,052

(in millions of constant 1972 dollars)

Child Nutrition Programs	---	---	---	---	---	---	---	---
Head Start	357	355	321	331	365	396	353	395
CETA Employment & Training:								
Block Grant (Title II-A,B,C)	317	443	501	552	549	603	515	477
Youth training grants	---	---	*	46	90	60	60	59
TOTAL	674	798	822	929	1,004	1,059	928	931

* Less than \$50 thousand.

¹ Child nutrition programs, though provided through schools, do not finance an educational service, and thus are excluded from this analysis.

² Classroom training, as reported by Department of Labor.

³ All of YIEPP and the classroom training share of YETP.

Source: U.S. Dept. of Treasury, Fiscal Service - Bureau of Government Financial Operations, Division of Government Accounts and Reports. Federal Aid to States. (various years); U.S. Department of Labor, Employment and Training Administration. Quarterly Progress Reports. (various years).

TABLE II-4. ECONOMIC DEVELOPMENT AND GENERAL-PURPOSE GRANTS THAT SUPPORT EDUCATION,
FISCAL YEARS 1974-1982

	(in millions of current dollars)						January Budget	
	1974	1976	1977	1978	1979	1980	1981	1982
BUDGET ACCOUNT								
General Revenue Sharing	6,106	6,243	6,760	6,823	6,848	6,829	5,156	4,559
Anti-Recession Fiscal Assistance	---	---	1,699	1,329	*	2	---	---
Local Public Works	---	---	585	3,057	1,741	416	150	60
Temporary Employment Assistance	605	1,887	2,340	4,769	3,285	1,796	974	1,096
Appalachian Regional Development	289	318	248	261	303	335	318	311
Department of Interior Shared Revenues	106	174	137	287	300	370	454	576
Department of Agriculture Shared Revenues	115	89	50	226	241	280	223	275
TOTAL	7,221	8,711	11,819	16,752	12,718	10,028	7,275	6,877
(in millions of constant 1972 dollars)								
General Revenue Sharing	5,324	4,566	4,577	4,314	3,994	3,672	2,540	2,068
Anti-Recession Fiscal Assistance	---	---	1,150	840	*	1	---	---
Local Public Works	---	---	396	1,933	1,016	224	74	27
Temporary Employment Assistance	528	1,380	1,585	3,015	1,916	966	480	497
Appalachian Regional Development	252	233	168	165	177	180	157	141
Department of Interior Shared Revenues	92	127	93	181	175	199	224	261
Department of Agriculture Shared Revenues	100	65	34	143	141	151	110	125
TOTAL	6,296	6,371	8,003	10,592	7,418	5,392	3,583	3,119

* Less than \$50 thousand.

Note: This table shows total program spending. See Table II-4a for estimated amount of direct support for elementary and secondary education.

Source: U.S. Department of Treasury, Fiscal Service - Bureau of Government Financial Operations, Division of Government Accounts and Reports. Federal Aid to States. (various years).

TABLE II-4a. ESTIMATED ELEMENTARY AND SECONDARY EDUCATION
SUPPORT PROVIDED BY ECONOMIC DEVELOPMENT AND GENERAL-PURPOSE
GRANTS, FISCAL YEARS 1974-1982

(in millions of current dollars)							January Budget	
	1974	1976	1977	1978	1979	1980	1981	1982
General Revenue Sharing	678	694	751	758	761	759	190	---
Anti-Recession Fiscal Assistance	---	---	17	27	*	---	---	---
Local Public Works	---	---	64	336	192	46	17	7
Temporary Employment Assistance	103	321	281	572	230	126	68	77
Appalachian Regional Development	31	23	19	16	18	13	20	16
Dept. of Interior Shared Revenues	53	87	68	144	150	185	227	288
Dept. of Agriculture Shared Revenues	58	45	25	113	121	140	112	138
TOTAL	923	1,170	1,225	1,966	1,472	1,269	634	526

(in millions of constant 1972 dollars)								
	1974	1976	1977	1978	1979	1980	1981	1982
General Revenue Sharing	591	508	509	479	444	408	94	---
Anti-Recession Fiscal Assistance	---	---	6	9	*	---	---	---
Local Public Works	---	---	43	212	112	25	8	3
Temporary Employment Assistance	90	235	190	362	135	68	33	35
Appalachian Regional Development	27	17	13	10	10	7	10	7
Dept. of Interior Shared Revenues	46	64	46	91	87	99	112	131
Dept. of Agriculture Shared Revenues	51	33	17	71	71	75	55	63
TOTAL	805	856	829	1,243	859	682	311	239

* Less than \$50 thousand.

Source: School Finance Project staff computations.

TABLE II-5. OUTLAYS FOR FEDERALLY-OPERATED SCHOOLS
FISCAL YEARS 1974-1982

<u>BUDGET ACCOUNT</u>	(in millions of current dollars)						<u>January Budget</u>	
	<u>1974</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
DOD Overseas Dependent Schools:								
Operations & Maintenance	190	232	245	270	314	339	365	420
Construction	20	14	19	17	49	15	48	24
Procurement	---	---	---	1	*	1	1	6
SUBTOTAL	210	245	264	287	363	355	414	450
BIA Schools	189	227	238	229	323	302	238	249
Job Corps	175	181	202	280	379	416	561	749
TOTAL	574	653	704	796	974	1,073	1,213	1,448

	(in millions of constant 1972 dollars)							
DOD Overseas Dependent Schools	187	180	179	182	217	197	209	211
BIA Schools	169	167	161	146	139	167	120	117
Job Corps	156	133	137	178	226	230	283	351
TOTAL	512	479	477	506	582	594	612	677

* Less than \$50 thousand.

Note: Budget amounts are not completely comparable among the three programs. The DOD and Job Corps figures include capital expenditures while the BIA figures do not.

Source: Office of Management and Budget, Executive Office of the President. Budget of the U.S. Government-Appendix. Washington, D.C.: Government Printing Office, (various years); U.S. Department of Labor, Job Corps. "Congressional Budget Justifications FY 82"; Discussions with David Dexter, Office of Overseas Dependent Schools, U.S. Department of Education.

TABLE II-6. STUDENT ASSISTANCE GRANT OUTLAYS,
FISCAL YEARS 1974-1982

(in millions of current dollars)

	<u>1974</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>January</u> <u>1981</u>	<u>Budget</u> <u>1982</u>
Social Security Student Benefits	928	1,324	1,563	1,687	1,809	2,001	2,200	2,400
Veterans GI Bill	3,006	5,029	3,567	3,027	2,450	2,067	1,581	1,395
Veterans Dependents Educational Assistance	116	186	202	217	204	194	180	180
TOTAL	<u>4,050</u>	<u>6,539</u>	<u>5,332</u>	<u>4,931</u>	<u>4,463</u>	<u>4,262</u>	<u>3,961</u>	<u>3,975</u>

(in millions of constant 1972 dollars)

	<u>1974</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>January</u> <u>1981</u>	<u>Budget</u> <u>1982</u>
Social Security Student Benefits	819	982	1,079	1,087	1,056	1,028	1,004	987
Veterans GI Bill	2,653	3,730	2,462	1,951	1,430	1,062	722	573
Veterans Dependents Educational Assistance	102	138	139	140	119	100	82	74
TOTAL	<u>3,574</u>	<u>3,851</u>	<u>3,680</u>	<u>3,179</u>	<u>2,605</u>	<u>2,191</u>	<u>1,809</u>	<u>1,634</u>

Note: This table shows total program spending. See Table II-6a for estimated amount of direct support for elementary and secondary education.

Source: Conversations with Robert Hastings and Roger Hicks, Social Security Administration, 1981; Veterans Administration. "Congressional Budget Justifications." (various years).

TABLE II-6a. ESTIMATED STUDENT ASSISTANCE GRANT OUTLAYS FOR ELEMENTARY AND SECONDARY EDUCATION
FISCAL YEARS 1974-1982

(in millions of current dollars)							January Budget	
	1974	1976	1977	1978	1979	1980	1981	1982
Social Security Student Assistance	156	218	252	273	288	312	338	361
Veterans GI Bill ¹	582	805	596	458	372	320	243	181
Veterans Dependents Educational Assistance	<u>12</u>	<u>19</u>	<u>19</u>	<u>21</u>	<u>19</u>	<u>17</u>	<u>17</u>	<u>17</u>
TOTAL	750	1,042	867	752	679	649	598	559

(in millions of constant 1972 dollars)								
	1974	1976	1977	1978	1979	1980	1981	1982
Social Security Student Assistance	138	162	174	176	168	160	154	148
Veterans GI Bill ¹	514	597	411	295	217	164	111	74
Veterans Dependents Educational Assistance	<u>11</u>	<u>14</u>	<u>13</u>	<u>14</u>	<u>11</u>	<u>9</u>	<u>8</u>	<u>7</u>
TOTAL	662	773	598	485	396	334	273	230

¹ Excludes vocational rehabilitation (e.g., FY 1979 outlays = \$96 million) and the post-Vietnam era programs (e.g., FY 1979 outlays = \$231 thousand).

Source: Robert I. K. Hastings, "Student OASDI Beneficiaries: Program Utilization and Educational Aspirations," Social Security Bulletin, September 1978; Veterans Administration. "Congressional Budget Justifications." (various years).

TABLE II-7. RESEARCH AND STATISTICS,
FISCAL YEAR OUTLAYS FOR 1974-1982

	(in millions of current dollars)						January Budget	
	1974	1976	1977	1978	1979	1980	1981	1982
National Institute of Education	65	58	58	76	80	75	82	84
National Center for Education Statistics	9	13	13	14	11	10	12	13
TOTAL	74	71	71	90	91	85	94	97

	(in millions of constant 1972 dollars)						January Budget	
	1974	1976	1977	1978	1979	1980	1981	1982
National Institute of Education	58	43	39	48	48	42	41	39
National Center for Education Statistics	8	9	9	9	7	6	6	6
TOTAL	66	52	48	57	54	47	47	45

Source: Office of Educational Research and Improvement, Department of Education. "An Overview." 1980.

SECTION III: REGIONAL DIFFERENCES

This section describes differences in the distribution of Federal support for elementary and secondary education by national income and product accounts regions.* A number of programs are not included in this analysis, for a variety of reasons. Some programs, such as Social Security student assistance, maintain no records on the regional breakdown of their spending. Other programs, such as Department of Defense overseas dependent schools, are conducted outside the continental United States. Finally, the data for many programs are sketchy, and assumptions which have been made about national totals become more tenuous when regional breakdowns are discussed. This section provides regional distributions for programs where the data could be collected.

* Appendix Table A-3 describes the regions and the rationale for using that breakdown in preference to others.

FINDINGS

The regional distribution of Federal support is dictated by a number of factors. For example, much spending for Bureau of Indian Affairs schools is conducted on or near Indian reservations on the theory that children should be educated as close to home as possible (although attendance transfers among reservations are permitted). In the case of veterans assistance, the location of the spending is dictated by the location of the veteran who applies for benefits.

In many cases, however, the regional distribution of funds represents a series of congressional compromises. The impact aid program, for example, is aimed at providing assistance to school districts educating children who are federally-affected — whose parents either live or work on federally-affected land that yields no local property tax revenue. Over the years, a series of congressional compromises has changed that statutory definition,* resulting in changes in the distribution of funds. Other compromises in the impact aid program now allow three methods for calculating a school district's costs, different reimbursement of costs for different types of children, and different ways of reducing entitlements when the program is not fully funded. Each compromise, while nominally aimed at a more "rational" system of reimbursing local education agencies for burdens placed on them by the Federal Government, was partially a political compromise also aimed at geographically redistributing funds. As a result, per capita impact aid funds in the Rocky Mountain region fell from 253% of the national average to 221% over this period, while other regions increased their relative share. The extent of compromise, however, is limited by the nature of the program. The Great Lakes region, with few potential eligibles, continued to receive only about one-third of the national average on a per capita basis.

Table III-1 illustrates changes since FY 1957 in the geographic distribution of Department of Education grant-in-aid funds. The Rocky Mountain region receives by far the largest per capita assistance, with the Southeast, the Southwest, and the Plains States all above the national average. The Far West, which ranked high on a per capita basis in 1957, is now grouped with the Great Lakes States as the regions receiving least aid per capita. Table III-1 also illustrates the net effects of political compromises. The three regions that in FY 1969 received the lowest per capita assistance demonstrated the fastest growth during the period.

Table III-2 provides a breakdown by budget account of per capita spending by region, and illustrates why the Rocky Mountain region did so well. States in that region dominated per capita spending in two major accounts — impact aid and occupational, vocational, and adult education — while receiving about the national average in the other two major accounts — handicapped education and elementary and secondary education. The Great Lakes region, on the other hand, trailed the national average in virtually every account.

* It now includes Indian children, military dependents, Federal civilian worker dependents, and low-income housing dependents.

TABLE III-1. DISTRIBUTION OF DEPARTMENT OF EDUCATION
GRANTS-IN-AID FOR ELEMENTARY AND SECONDARY EDUCATION,
BY REGION, FISCAL YEARS 1957-1979

Region	Millions of Dollars			Dollars Per Capita			Percent Increase 1969-1979	
	1957	1969	1979	1957	1969	1979	Total %	Per Capita %
New England	8.2	97.8	301.8	0.84	8.36	24.53	209%	193%
Mideast	23.0	309.0	1,028.0	0.62	7.34	24.48	233	234
Great Lakes	20.5	279.6	873.2	0.59	7.01	21.19	212	202
Plains	14.3	187.6	447.3	0.94	11.58	25.86	138	123
Southeast	47.3	677.2	1,530.9	1.26	15.64	30.68	126	96
Southwest	26.0	233.5	612.8	1.94	17.43	20.64	162	76
Rocky Mountain	9.6	74.1	213.3	1.34	15.11	33.50	189	122
Far West	42.5	251.0	656.0	2.29	10.20	22.01	161	116
Alaska	6.2	29.0	125.7	7.71	25.41	96.69	349	281
Hawaii								
TOTAL, U.S.	197.6	2,137.5	5,790.1	1.16	10.69	26.32	171%	146%

Source: Statistical Appendix, Annual Report of the Secretary of the Treasury, FY 1957;
U.S. Department of Treasury, Fiscal Service - Bureau of Government Financial Operations, Division of Government
Accounts and Reports. Federal Aid to States. (Fiscal Years 1969 and 1979); U.S. Department of Commerce,
Bureau of the Census. Current Population Reports, Series P-25 (various issues).

TABLE III-2. PER CAPITA DISTRIBUTION OF
DEPARTMENT OF EDUCATION GRANTS-IN-AID
FOR ELEMENTARY AND SECONDARY EDUCATION, BY REGION, FISCAL 1979

Region	Impact Aid	Handicapped Education	Elem & Secondary Education	Emergency School Assistance	Indian Education	Library Resources	Occupational, Vocational, & Adult Ed	Total
New England	\$ 3.20	\$2.80	\$13.37	\$0.98	\$0.02	\$1.37	\$2.80	\$24.53
Mideast	2.78	1.97	13.99	1.55	0.05	1.08	3.06	24.48
Great Lakes	1.26	1.99	12.00	1.09	0.21	1.46	3.18	21.19
Plains	3.51	2.13	15.20	0.86	0.42	1.31	3.81	21.19
Southeast	4.12	2.45	17.24	1.51	0.07	1.16	4.13	30.68
Southwest	5.95	1.73	16.00	2.13	0.79	0.63	3.43	30.64
Rocky Mountain	9.00	2.69	13.13	0.97	0.97	1.12	5.63	33.50
Far West	5.68	1.07	9.46	1.58	0.39	0.89	2.95	22.01
Alaska	57.93	1.77	23.38	3.15	4.00	1.09	3.64	96.69
Hawaii								
TOTAL, U.S.	\$ 4.07	\$2.02	\$13.91	\$1.42	\$0.28	\$1.14	\$3.48	\$26.32

Source: U.S. Department of the Treasury, Fiscal Service - Bureau of Government Financial Operations, Division of Government Accounts and Reports. Federal Aid to States: Fiscal Year 1979; Department of Commerce, Bureau of the Census. Current Population Reports, Series P-25, No. 876.

It is interesting to compare these regional breakdowns along a number of criteria. Table III-3 provides regional rankings along three criteria — per capita support, per student support, and the share of local school spending provided by Department of Education grants. As the rankings indicate, there are three groups of regions. The Rocky Mountain, Southwest, and Southeast regions rank highest along all three criteria, while the Great Lakes and Far West regions similarly rank lowest. The Plains, Mideast, and New England regions cluster most closely to the national average. Within the groups, however, rankings change significantly using different criteria. The Southeast, for example, trails the Rocky Mountain region in per capita and per student assistance, but receives a significantly higher proportion of expenditures from Federal aid than other regions, as a result of the relatively low levels of State-local expenditures in the region.

Tables III-4 and III-5 provide a regional breakdown of Federal spending for economic development and general-purpose grants-in-aid that support education. These tables include the full amount of the grants regardless of the purpose for which they are used. The fragmentary nature of the data concerning the share supporting elementary and secondary education argues against trying to make regional breakdowns based on that share (as described in Part II). However, a regional breakdown of the totals does provide useful information.

It is clear that the Far West, the Mideast, and New England fared best under these programs. These three regions received the highest per capita payments under three major programs — General Revenue Sharing, Local Public Works, and CETA temporary employment assistance. In addition, the Far West dominated per capita shared revenues from the Departments of Agriculture and the Interior. The Plains and Southwest States, on the other hand, significantly trailed the rest of the country, receiving the lowest per capita payments for virtually every item.

It is interesting to note that the bulk of spending in this area will have been eliminated by FY 1982. As Table II-4 shows (see Part II), the January Budget reduced spending for these programs to \$6.9 billion in FY 1982 from \$16.8 billion in FY 1978 and \$12.7 billion in FY 1979. The March Budget, by eliminating CETA temporary employment assistance, will reduce these programs by at least an additional \$1.1 billion to \$5.8 billion, a net reduction of about 55% in three years and 65% in four years. While these reductions will certainly affect all regions, it will hit hardest the three regions which benefitted most from the programs. The effect on the Far West, however, will be ameliorated by the growth of Agriculture and Interior shared revenue programs.

Elementary and secondary education programs may lose resources from these reductions in two ways. First, local governments will lose funds which they have specifically targeted to elementary and secondary education. Second, local governments will lose funds that they have applied to other purposes. As a result of the loss of funds in general, State-local funding for elementary and secondary education may be reduced to provide funds for other, higher priority government functions. An example of this squeeze can already be seen in the State of Michigan, the State currently with perhaps the tightest set of State and local

TABLE III-3. THREE MEASURES OF
DEPARTMENT OF EDUCATION GRANT SUPPORT
AND RANKINGS, BY REGION, FISCAL 1979

Region	Spending				Rankings		
	Total (Millions)	Per Capita	Per Student	As % of Local School Expenditure	Per Capita	Per Student	As % of Local School Expenditure
New England	\$ 301.8	\$25	\$129	6.1%	5	6	5
Midwest	1,028.0	24	137	5.9	6	4	6
Great Lakes	873.2	21	107	5.5	8	8	7
Plains	447.3	26	137	7.0	4	4	4
Southeast	1,530.9	31	154	9.7	2	2	1
Southwest	612.8	31	144	8.4	2	3	2
Rocky Mountain	214.4	34	159	8.0	1	1	3
Far West	656.0	22	118	5.4	7	7	8
Alaska Hawaii	125.7	97	481	16.7	*	*	*
TOTAL, U.S.	\$5,790.1	\$26	\$136	6.9%			

* Not included in regional rankings.

Source: U.S. Department of Commerce, Social and Economic Statistics Administration, Bureau of Economic Analysis. unpublished tables; W. Vance Grant and Leo J. Eiden. Digest of Education Statistics, 1980. National Center for Educational Statistics, 1980.

TABLE III-4. DISTRIBUTION OF FEDERAL ECONOMIC
DEVELOPMENT AND GENERAL-PURPOSE GRANT OUTLAYS
THAT HELP SUPPORT EDUCATION, BY REGION, FISCAL 1979
(in \$ millions)

Region	- Shared Revenues - Dept. of Agriculture	Dept. of Interior	General Revenue Sharing	Anti- Recession Fiscal Assistance	Local Public Works	Temporary Employment Assistance	Appalachian Regional Commission	Total
New England	7.4	---	423.0	17.2	143.3	223.6	---	814.5
Mideast	6.0	---	1,515.5	73.2	508.6	773.6	29.4	2,906.3
Great Lakes	5.5	---	1,207.9	70.0	251.3	585.0	8.1	2,127.8
Plains	10.7	0.1	490.1	12.7	83.0	140.5	---	737.1
Southeast	30.7	---	1,481.5	34.7	224.3	615.7	90.3	2,477.2
Southwest	12.2	1.0	531.6	2.3	71.9	189.3	---	808.3
Rocky Mountain	28.0	1.9	179.7	23.6	48.1	64.1	---	345.4
Far West	189.5	88.6	962.8	38.9	266.5	549.6	---	2,095.9
Alaska	3.7	*	22.0	0.4	16.5	10.1	---	52.7
Hawaii	0.2	---	33.6	---	10.0	14.3	---	58.1
TOTAL, U.S.	239.9	91.6	6,847.7	273.0	1,623.5	3,165.8	127.8	12,423.3

* Less than \$0.01.

Source: U.S. Dept. of the Treasury, Fiscal Service - Bureau of Government Financial Operations, Division of Government Accounts and Reports. Federal Aid to States. Fiscal Year 1979.

TABLE III-5. PER CAPITA DISTRIBUTION OF FEDERAL ECONOMIC
DEVELOPMENT AND GENERAL-PURPOSE GRANT OUTLAYS
THAT SUPPORT EDUCATION BY REGION, FISCAL 1979

Region	- Shared Revenues - Dept. of Agriculture	Dept. of Interior	General Revenue Sharing	Anti- Recession Fiscal Assistance	Local Public Works	Temporary Employment Assistance	Appalachian Regional Commission	Total
New England	\$0.60	\$ ---	\$34.39	\$1.40	\$11.65	\$18.18	\$ ---	\$ 66.22
Mideast	0.14	---	36.08	1.74	12.11	18.42	0.70	69.20
Great Lakes	0.13	---	29.32	1.70	6.10	14.20	0.20	51.65
Plains	0.62	0.01	28.33	0.73	4.80	8.12	---	42.61
Southeast	0.62	---	29.69	0.70	4.49	12.34	1.81	49.64
Southwest	0.61	0.05	26.58	0.12	3.60	9.47	---	40.42
Rocky Mountain	4.38	0.30	28.08	3.69	7.52	10.02	---	53.97
Far West	6.36	2.97	32.31	1.31	8.95	18.44	---	70.33
Alaska	9.25	*	55.00	1.00	41.25	25.25	---	145.25
Hawaii	0.22	---	37.33	---	11.11	15.89	---	64.56
TOTAL, U.S.	\$1.33	\$0.41	\$31.01	\$1.24	\$ 7.35	\$14.34	\$0.58	\$ 56.26

* Less than \$0.01.

Source: School Finance Project staff computations.

government budgets. In the last half of 1980 Michigan cut education spending by more than \$100 million in order to pay for health and welfare needs (Demkovich, 1981).

Tables III-6, 7, and 8 illustrate spending for three programs whose distribution of clients determines the geographic distribution of funds — Bureau of Indian Affairs School Operations, Department of Defense "Section VI" schools, and Veterans Administration educational assistance.

As Table III-6 shows, the distribution of BIA school operations spending has not changed significantly in the past twenty-two years. Two factors may change the distribution in the future, however. First, the Education Amendments of 1978 mandated that BIA spending be distributed through an equalization formula. This formula, which did not affect FY 1979 spending, may reallocate spending toward areas such as the Navajo reservation, which previously had received low per student amounts. Second, the official recognition of tribes in States such as Maine will result in new schools being established.

The distribution of Section VI schools spending can also not be expected to change much. No new schools are expected to be built. In addition, the poor physical condition of the current schools and the possibility of impact aid cut-offs have deterred school districts from accepting responsibility for those that now exist. Table III-7 illustrates that the bulk of the schools that now exist are located in the Southeast region of the country.

The distribution of Job Corps Centers is to some extent determined by the location of the National Forest or Park in which they are located. As a result, the Southwest and Rocky Mountain States have relatively higher concentrations than other regions.

Table III-9 shows that Veterans Administration educational benefits are also concentrated in the Southeast, with over one-third of elementary and secondary support located in that region. As Part II demonstrated, this support has declined rapidly in the past five years, as educational entitlements have been used up or have lapsed.

Finally, Table III-10 illustrates the net geographic distribution of Army, Air Force and Marine Junior ROTC units.* Though these units are also concentrated in the Southeast region, Texas is the State with the largest number of units.

* The Navy did not respond to requests for information.

TABLE III-6. DISTRIBUTION OF BUREAU OF
INDIAN AFFAIRS SCHOOL OPERATIONS SPENDING,
BY REGION, FISCAL YEARS 1959, 1969, 1979

Region	(\$Millions)			Share of the Total ¹		
	1957	1969	1979	1957	1969	1979
New England	---	---	---	---X	---X	---X
Mideast	---	---	---	---	---	---
Great Lakes	---	---	0.5	---	---	*
Plains	5.7	10.4	22.6	14	13	15
Southeast	0.4	2.2	6.4	1	3	4
Southwest	24.5	47.2	89.8	62	60	61
Rocky Mountain	3.5	5.5	11.9	9	7	8
Far West	1.8	3.8	5.4	5	5	4
Alaska	3.5	10.0	9.5	9	13	7
Hawaii	---	---	---	---	---	---
Unassigned or Unallocable	---	-1.2	21.9	---	---	---
TOTAL, U.S.	39.4	77.9	168.0	100X	100X	100X

* Less than 0.5X.

¹ Excludes "unassigned or unallocable."

Source: Susan Smith and Margaret Walker. Federal Funding of Indian Education: A Bureaucratic Enigma. Washington, D.C.: Bureau of Social Science Research, Inc., May 1973; Bureau of Indian Affairs internal calculations.

TABLE III-7. OUTLAYS FOR DEPARTMENT OF DEFENSE
"SECTION VI" ELEMENTARY AND SECONDARY SCHOOLS,
BY REGION, FISCAL YEAR 1979

<u>Region</u> ¹	<u>\$ Millions</u>
New England	\$ 1.9
Mideast	4.5
Great Lakes	---
Plains	0.1
Southeast	43.3
Southwest	---
Rocky Mountain	---
Far West	*
Alaska	---
Hawaii	---
TOTAL, U.S. ²	\$49.8

* Less than \$50 thousand.

¹ Section VI schools are located in Alabama (2), Georgia (3), Kentucky (2), Louisiana (1), North Carolina (2), New York (1), South Carolina (4), Virginia (2), and Puerto Rico (1). In addition, financial support is provided in Delaware, Kansas, Massachusetts, New York, and Oregon to schools that have been returned to local control.

² Does not include \$7.2 million in Puerto Rico.

Source: Department of Education Section VI Schools Conference. Proceedings of April 28, 1980; calculations by William Duck, Department of Education, January 23, 1981.

TABLE III-8. JOB CORPS CENTERS, BY REGION, FISCAL YEAR 1979

<u>Region</u>	<u>Number of Centers</u>	<u>Capacity</u>	<u>Capacity per Million Residents</u>
New England	2	750	61
Mideast	14	5,462	130
Great Lakes	10	3,036	74
Plains	4	1,301	75
Southeast	24	9,286	186
Southwest	11	5,769	288
Rocky Mountain	7	2,532	396
Far West	15	5,212	175
Alaska	---	---	---
Hawaii	<u>1</u>	<u>265</u>	<u>331</u>
TOTAL, U.S.	88	33,413	151

Note: Excludes two centers in Puerto Rico.

¹ Includes D.C. Anacostia satellite of Harpers Ferry, W. Va. center.

Source: U.S. Department of Labor, Employment and Training Administration, Job Corps in Brief, Fiscal Year 1979.

TABLE III-9. VETERANS ADMINISTRATION EDUCATION ASSISTANCE,
TRAINEES BY REGION, FISCAL 1979

<u>Region</u>	<u>G.I. Bill</u>	
	<u>Total</u>	<u>Elementary & Secondary Ed.</u>
New England	63	8
Midwest	163	32
Great Lakes	170	23
Plains	92	20
Southeast	329	84
Southwest	154	20
Rocky Mountain	46	7
Far West	234	26
Alaska	3	1
Hawaii	12	2
TOTAL, U.S.	1,267	225

Note: Dependents who received educational benefits are excluded from this table. Of the 9,856 dependents who received educational assistance in FY 1979, 39% resided in five States --- Alabama, California, Florida, Georgia, and Texas.

1

Includes correspondence schools. For Correspondence schools, the count is by residence of the trainee while for other schools, the count is by location of the school.

Source: Veterans Administration. Veterans Benefits Under Current Educational Programs, Fiscal Year 1979.

TABLE III-10. ARMY, AIR FORCE, AND
MARINE JUNIOR ROTC UNITS, BY REGION

<u>Region</u>	<u>Army</u>	<u>Air Force</u>	<u>Marine</u>
New England	5	11	1
Mideast	18	36	4
Great Lakes	91	20	6
Plains	33	11	1
Southeast	307	128	24
Southwest	116	33	13
Rocky Mountain	23	6	2
Far West	50	27	8
Alaska	1	1	---
Hawaii	7	---	---
TOTAL UNITS, U.S.	643	272	59

Note: The Department of the Navy did not respond to a request for this information.

Source: U.S. Department of Defense, Army Reserve Officers Training Corps and National Defense Cadet Corps. Open Enrollment Report, School Year 1980-81.; U.S. Department of Defense. Air Force Junior ROTC Enrollment as of September 30, 1979. Letter from U.S. Department of Defense, U.S. Marine Corps, March 7, 1981.

CONCLUSIONS AND IMPLICATIONS

Federal support for elementary and secondary education has been significantly more extensive and varied than generally perceived. Many Federal agencies have programs that provide some support for elementary and secondary education. At times the level of Department of Education grant-in-aid spending has been matched by support from these other programs. While most Federal programs supporting elementary and secondary education grew dramatically in the 1970's, levels of support began to decline at the end of the decade, and can be expected to decline even further in the 1980's.

The most significant declines have been in the area of economic development and general purpose grants-in-aid to State and local governments. These programs heavily favored three areas of the country — New England, the Mideast, and the Far West — and their loss of funding will put especially heavy pressure on government finance in these three areas. Schools can be expected to bear some share of this pressure.

These reductions in Federal aid, coming on top of already existing fiscal and economic problems, may significantly jeopardize the extent to which local governments will be able to afford providing high-quality educational services. Roy Bahl of Syracuse University (1980) paints a bleak picture in general:

Some local governments — mostly but not exclusively large cities in the North — will either default or come to the point of being unable to meet their expenditure commitments. A round of public employee layoffs — reminiscent of 1975-76 — will probably take place (p.15).

E. Blaine Liner, Executive Director, Southern Growth Policies Board (1980) makes the case that such problems will not be limited to the North:

State governments, especially in the South, but also elsewhere, tend to use most of their (General Revenue Sharing) funds to support education....Termination or reductions in the GRS program, particularly during a recessionary period, will place undue strain on State and local budgets....In Alabama many schools probably will not open this fall because of revenue shortfalls.

As we move further into the recession the demand for public services increases. For those areas that are growing, extra taxes on newly constructed homes and factories are helpful. But, in the Sunbelt South over one-half of the total growth between 1970 and 1980 accrued to only two States, Florida and Texas. During the 1974-75 recession Florida's tremendous unemployment problem sapped its tax strength due to recent growth. This time it's the immigrants of Haiti and Cuba. For example, a recent estimate indicates the cost of opening schools for the new arrivals in Dade County alone will exceed \$21 million this September (p.31).

These statements were made (1) before the State government share of General Revenue Sharing was eliminated, and (2) before the significant reductions in the March 10, 1981 budget proposals. To the extent one accepts their conclusions, the fiscal dilemma facing many State and local governments will be further exacerbated, with unfortunate consequences for public school systems.

Will many schools close in response to deteriorating fiscal conditions in a city or town? Probably not. Even in the case of municipal bankruptcy, one would expect the courts to continue the operation of vital services such as education. However, one would expect the quality of educational services to decline as budgets are drawn tight. Particularly in the case of low-income children, such a disinvestment in human capital could prove costly in the future.

APPENDIX

TABLE A-1. DEFLATORS USED TO ESTIMATE CONSTANT 1972 DOLLARS,
FISCAL YEARS 1972-1982

	1972	1974	1976	1977	1978	1979	1980	January 1981	Budget 1982
State and Local Purchases	100	114.69	136.73	147.68	158.15	171.44	185.98	203.03	220.46
Federal Non-defense Purchases	100	112.01	136.21	147.25	157.38	167.48	180.57	198.27	213.73
Consumer Price Index	100	113.32	134.81	144.91	155.13	171.32	194.56	219.02	243.27

Deflators used to calculate "real" changes in support for elementary and secondary education

Deflators used to calculate constant dollar estimates are those used by the Office of Management and Budget in producing its publication, "Federal Government Finances, December 1980 Edition."

- Grants-in-aid are deflated using the National Income and Product Accounts (NIPA) State and local government purchases deflator.
- Federal schools expenditures are deflated using the NIPA Federal non-defense purchases deflator. The non-defense purchases deflator is used instead of the defense purchases deflator because the defense deflator is distorted by the recent "Nunn-Warner" increases in military pay. Since employees of overseas schools are civilians, the non-defense purchases deflator was considered more nearly appropriate.
- Student assistance expenditures are deflated using the consumer price index.

All deflators are calculated by OMB on a fiscal year basis. In addition, the NIPA deflators reflect the recent rebenchmarking of the Accounts by the Bureau of Economic Analysis, Department of the Commerce.

TABLE A-2. UNITED STATES POPULATION, BY REGION, 1957, 1969, 1979

Region	Millions			Share of the Total			Percent Increase	
	1957	1969	1979	1957	1969	1979	1957-69	1969-79
New England	9.8	11.7	12.3	6%	6%	6%	19%	5%
Mideast	36.9	42.1	42.0	22	21	19	14	—*
Great Lakes	35.0	39.9	41.2	21	20	19	14	3
Plains	15.2	16.2	17.3	9	8	8	7	7
Southeast	37.4	43.3	49.9	22	22	23	16	15
Southwest	13.4	16.2	20.0	8	8	9	21	23
Rocky Mountain	4.1	4.9	6.4	2	2	3	20	31
Far West	19.6	24.6	29.8	11	12	13	26	21
Alaska	0.8	1.1	1.3	*	1	1	38	18
Hawaii								
TOTAL, U.S.	170.3	199.8	220.8	100%	100%	100%	17%	11%

* Less than 0.5%.

Source: U.S. Department of Commerce, Bureau of the Census. Current Population Reports, Series P-25 (various issues).

TABLE A-3 NATIONAL INCOME AND
PRODUCT ACCOUNT REGIONS

NEW ENGLAND:
Connecticut
Maine
Massachusetts
New Hampshire
Rhode Island
Vermont

MIDWEST:
Delaware
District of Columbia
Maryland
New Jersey
New York
Pennsylvania

GREAT LAKES:
Illinois
Indiana
Michigan
Ohio
Wisconsin

PLAINS:
Iowa
Kansas
Minnesota
Missouri
Nebraska
North Dakota
South Dakota

SOUTHEAST:
Alabama
Arkansas
Florida
Georgia
Kentucky
Louisiana
Mississippi
North Carolina
South Carolina
Tennessee
Virginia
West Virginia

SOUTHWEST:
Arizona
New Mexico
Oklahoma
Texas

ROCKY MOUNTAIN:
Colorado
Idaho
Montana
Utah
Wyoming

FAR WEST:
California
Nevada
Oregon
Washington

This analysis has used the regional breakdowns of the national income and product (NIPA) accounts (8 regions plus Alaska and Hawaii) rather than the Federal Administrative Regions (10 regions) or the Census regions (9 regions) for a number of reasons. First, it was felt that this breakdown more nearly coincided with the informal breakdown that the average lay reader might employ, and that the region titles were more easily recognizable. Second, data collected and analyzed by the Advisory Commission on Intergovernmental Relations and by the National Education Association are organized by NIPA region. Using NIPA regions allows for comparisons by the reader acquainted with those two other data series. Finally, this analysis is primarily a financial analysis, and it was felt that regions structured for economic purposes would be more appropriate than regions established for statistical (Census) or administrative (Federal) purposes.

Table A-4. March Budget Revisions, Outlays for
Department of Education, Elementary and Secondary Education
Grant-In-Aid Programs
(\$ millions)

	1980	1981		1982	
		Jan	Mar	Jan	Mar
Elem & Secondary Education	3,536	3,345	3,288	3,808	2,623
Indian Education	90	51	51	78	71
Impact Aid	622	718	791	346	354
Emergency School Assistance	315	283	275	288	208
Handicapped Education	810	1,061	1,056	1,075	895
Occupational, Vocational, & Adult Education	854	927	850	1,079	866
Library & Learning Resources	262	250	244	263	200
Other	104	172	167	155	127
Proposed Block Grants	---	---	---	---	305
Total	8,593	6,807	6,722	7,092	5,649

Source: Office of Management and Budget, Executive Office of the President.
"Federal Aid to State and Local Governments," March 5, 1981. (computer
printout)

Table A-5. Grants to State and Local Governments
(\$ billions)

	Actual 1980	Estimates			
		1981		1982	
		January Budget	March Budget	January Budget	March Budget
Budget Authority	105.0	110.6	101.1	116.9	86.2
Outlays	91.5	95.3	94.4	99.8	86.4

Source: U.S. Office of Management and Budget, Executive Office of the President.
Fiscal Year 1982 Budget Revisions. March 1981.

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